

Development of Islamic Banking in Russia Based on the Example of LLC Financial House Amal

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Abstract—The article considers the development of Islamic banking in Russia using the example of the Islamic financial organization Financial House Amal. Islamic investment treaties and tools used in Financial House Amal have been analyzed. The basic concepts and tasks of the Accounting and Audit Organization for Islamic Financial Institutions (AAOIFI) have been considered. The main conclusions on the introduction of Islamic finance in Russia have been proposed.

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The Islamic financial sector in the world is developing rapidly; the annual growth rate is 15% and is estimated at over 2 trillion dollars [1]. The Islamic banking sector is the largest segment of the world's Islamic financing [2]. In Russia, according to the law, Islamic banks cannot exist, but there are Islamic financial institutions, e.g., LLC Financial House Amal, Partner Banking Center, FH Masraf, and LP LyaRiba Finance. At present, FH Amal, which has been providing financial services for over 5 years based on the principles of the Islamic economy, is the most successful. Organizationally, FH Amal is a group of companies that can interact with a partner bank (Fig. 1).

Companies created to attract and allocate financial resources work together with a specialized affiliate of a partner bank that has a separate balance sheet and correspondent account to ensure that its funds do not mix with the funds of other branches of the bank that participate in ordinary banking operations. In this framework, financial resources are attracted to Amal Consumer Company, the subsequent placement of which occurs through the infrastructure companies Amal Leasing Company, Amal Trading Company, Amal Trading House, Amal-Real Estate, and Amal-Retail [3].

Investment deposits of FH Amal are free funds with obtaining investment income. All of the investment deals of FH Amal are based on investment agreement (*mudaraba*). According to the agreement, investor transfers its capital to FD Amal, which directs it to finance its active transactions: *installments* (*murabaha*) and *leasing* (*ijara*). The resulting profit is distributed between the investor and FD Amal in accordance with the proportion specified in the contract. In the case of a negative result, the size of the investor's capital decreases [3].

The minimization of loss risks in the process of managing funds is achieved based on the following factors [3]:

- high portfolio diversification;
- an effective system of analyzing solvency;
- the use of pledge and surety instruments.

Consider the average actual yield on active operations of FH Amal and profitability of investors according to investment agreements for 2010–2016 [3] (Table 1).

The average (historical) profitability of its deals amounted to $23.14 \pm 1.43\%$, and the average (historical) profitability of the investors of FH Amal was $14.54 \pm 1.01\%$. The profitability of its deals increases year by year (on average by 1% per year), which indicates the high quality of financing and the return of funds by installments from customers. The profitability of clients from 2011–2014 also increased by an average of 1% per annum from 2015 the share of customer profits was reduced in order to increase the profit of the organization. As the profitability of transactions increases, there is an increase in the portfolio for attracting investments and active operations, which contributes to its diversification, and consequently, to minimization of risks and increase in profitability of active operations.

FH Amal for active operations deals with placement of raised funds, providing installments with a trading margin and leasing. According to the international standards of AAOIFI, the installment is a transaction in which a financial intermediary acquires an asset from a seller that a customer needs and sells it to the customer with a deferred payment. [4].

The process of implementing an installment plan includes several stages. First, a client makes an order